



Office of the Governor of Guam

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Felix P. Camacho
Governor

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June 2, 2008

The Honorable Kevin J. Martin
The Honorable Michael J. Copps
The Honorable Jonathan S. Adelstein
The Honorable Deborah Taylor Tate
The Honorable Robert M. McDowell
Federal Communications Commission
445 -12th Street, S.W.
Washington, D.C. 20554

Re: High-Cost Universal Service Support for CETCs on Guam
IT&E Overseas, Inc.
Petitions for Waiver of Sections 54.209, 54.314, 54.809 and 54.904 of
the FCC's Rules
CC Docket No. 96-45

Dear Chairman Martin and Commissioners:

I am taking the unusual step of writing to you on a matter of great concern both to the people of Guam and to the interests of the United States, as it could dramatically affect the amount of high-cost universal service support available for wireless infrastructure in Guam. At a time when the United States is significantly increasing its military presence on Guam, we must work together to ensure that the island has sufficient infrastructure capacity to support this massive growth. I therefore urge you to take action to ensure that essential communications services will be provided to our residents and to the U.S. military personnel who call Guam home.

As you are aware, the Federal Communications Commission ("FCC") recently adopted an order establishing an interim cap on the amount of high-cost universal service support that competitive eligible telecommunications carriers ("CETCs") can receive in any state.¹ That cap is based on the level of support that CETCs in the state were eligible to receive during March 2008 on an annualized basis.² I want to make clear that by this letter I am not addressing the FCC's adoption of the cap, but only the way the cap may be implemented for Guam under the unique circumstances outlined below.

¹ See *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337 and CC Docket No. 96-45, *Order*, FCC 08-122 (rel. May 1, 2008).

² The territory of Guam is defined as a "state" for purposes of the Communications Act. 47 U.S.C. § 153(40).

As detailed in the above-referenced petitions filed by IT&E Overseas, Inc. ("IT&E-O"), due to inadvertent errors, IT&E-O failed to timely make certain filings required of CETCs under the FCC's rules, placing its eligibility to receive support during March 2008 in some doubt. IT&E-O has now corrected these errors and is asking the FCC, through the referenced petitions, to ensure that its eligibility for high-cost universal service support for 2008 is unaffected by these minor deviations from the FCC's filing rules.

According to IT&E-O's 2008 ETC Compliance Report, the company received approximately \$2.23 million of high-cost universal service support in 2007 when it was receiving full funding.³ Because of the March 2008 "snapshot" approach for determining the interim CETC cap, a loss of IT&E-O's eligibility for full high-cost support in March 2008 could result in a sharp reduction in the aggregate amount of high-cost universal service support available for *all* CETCs on Guam. This potentially jeopardizes the entire \$2.23 million attributable to IT&E-O not just for 2008 but, because of the cap, for every year thereafter while the cap is in effect. Such a result would seriously damage our efforts to maintain an adequate telecommunications infrastructure throughout Guam.

Guam is a small island in the North Pacific Ocean aptly described as a high-cost, low-income insular area. For example, USAC data indicate that the high cost support per working loop in Guam, which varies from quarter to quarter, is significantly higher than the national average.⁴ The per-capita income on Guam, moreover, is less than half of the national average – just \$11,254 as compared to the national average of \$26,352 – and the poverty rate on Guam, at 20 percent, is significantly higher than the nationwide rate of 12.3 percent.⁵ Notably, the wireless telephone penetration rate on Guam (approximately 57 percent) also is well below the national penetration rate of 80 percent.⁶

To encourage the deployment of telecommunications services on Guam, the Guam Public Utilities Commission and the FCC have designated a total of four competitive eligible telecommunications carriers ("CETCs").⁷ In order to be so designated, each of these CETCs was required

³ IT&E Overseas, Inc. 2008 ETC Compliance Report, filed March 25, 2008 in CC Docket No. 96-45. IT&E-O on average received \$221,902 per month in 4Q 2007, while averaging \$185,889 for 2007 as a whole.

⁴ See, for example, USAC FCC filings, Appendix HC-01 (support) and Appendix HC-08 (line counts) for 2Q 2006, 2Q2007, 4Q 2007, 1Q 2008.

⁵ Compare Guam Department of Labor, Bureau of Labor and Statistics, *Household and Per Capita Income: 2003 (Money Income of Civilian Households on Guam)* at <http://guamdol.net/BLS/03HholdPerCapInc.pdf> (determining the per capita income on Guam to be \$11,254) with U.S. Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2006* (P60-233) at 5 (Table 1), 11 (Issued Aug. 2007) ("2006 Poverty Report") (estimating the national per capita income at \$26,352); *Guam 2000 Report* at Table 51.

⁶ See FCC Industry Analysis and Technology Division, Wireline Competition Bureau, *Telephone Subscribership in the United States (Data through November 2007)* at 1 (rel. March 2008); See U.S. Census Bureau, *Guam: 2000, Social, Economic, and Housing Characteristics*, PHC-4-GUAM at Table 73 (Issued May 2003) ("Guam 2000 Report"); see also FCC Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006*, Table 14 (IATD/WCB Jan. 2007); *Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services*, WT Docket No. 07-71, Twelfth Report, FCC 08-28 at 6 (rel. Feb. 4, 2008).

⁷ See Application of PTI Pacifica for Designation as an ETC, *Order Approving Designation* (Guam P.U.C. rel. Jan. 7, 2008); Application of Pulse Mobile, LLC for Designation as an ETC, *Order Approving Designation*, Docket 06-8 (Guam P.U.C. dated Feb. 1, 2007); IT&E Overseas, Inc., *Memorandum Opinion and Order*, 17 FCC Rcd 10620 (WCB 2002); Guam Cellular and Paging, Inc. d/b/a Guamcell Communications, *Memorandum Opinion and Order*, 17 FCC Rcd 1502 (CCB 2002).

to submit, and to commit to, a five-year plan that governs the build out of facilities on Guam. The high-cost universal service support received by CETCs on Guam is critical to the achievement of these plans. Not including IT&E-O's full share of monthly USF funding in the March 2008 cap would significantly hinder the deployment of communications infrastructure on the island for years to come.

Our concern regarding non-attribution of IT&E-O's full USF share in calculating the cap is amplified because the U.S. Government's decision to strengthen its military presence on Guam over the next several years will have a dramatic impact on the island. The population will jump sharply – by roughly 25 percent – to more than 210,000,⁸ and the island will need sufficient telecommunications infrastructure to sustain this growth. Communications capabilities are essential for the island to grapple with this change. It is, therefore, vital that high-cost universal service support to CETCs on Guam continue to be based on levels that are not skewed by one company's inadvertent failure to fully comply with the FCC's filing requirements.

In light of the unique circumstances presented, the FCC should act to ensure that full Federal universal service support is available to CETCs on Guam. Congress specifically required that the FCC's universal service policy be based on the principle that "low-income consumers and those in rural, insular, and high cost areas should have access to telecommunications and information services"⁹ In accordance with this statutory directive, the FCC must ensure that the universal service support received by CETCs on Guam includes the amount that IT&E-O normally would receive absent its inadvertent paperwork errors. I respectfully urge you, therefore, to act – either by granting the petitions or by providing some other form of relief – to ensure that the high-cost universal service support cap for CETCs in Guam is set at a level that includes the full amounts that would have been attributable to all competitive ETCs on Guam without regard to any single carrier's filing errors.

Sincerely,



FELIX P. CAMACHO
Governor of Guam

⁸ See Blaine Harden, *Guam Braces for Peaceful Military Incursion; Buildup on U.S. Island Brings Fear of Change, Demand for Funds*, THE WASHINGTON POST, January 25, 2008, p. A1.

⁹ 47 U.S.C. § 254(b)(3).